

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
NORTHERN STATES POWER COMPANY,)	
a Wisconsin corporation, for a gas cost recovery)	Case No. U-17694-R
reconciliation for the 12-month period ended)	
March 31, 2016.)	
_____)	

At the January 12, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On June 24, 2016, Northern States Power Company (NSP-W) filed an application, with supporting testimony and exhibits, requesting authority to reconcile its gas cost recovery (GCR) revenues and expenses for the 12-month period ended March 31, 2016, and to roll the total overrecovery into its 2016-2017 plan.

A prehearing conference was held on September 8, 2016, before Administrative Law Judge Mark E. Cummins. NSP-W and the Commission Staff participated in the proceedings.

Subsequently, the parties submitted a settlement agreement resolving all issues in the case. According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that for the 12-month period ended March 31, 2016, NSP-W experienced a total overrecovery of \$369,492, which includes the prior period net underrecovery reconciliation balance of \$64,668

authorized in Case No. U-17335-R, a refund of a GCR overbilling of \$1,094, which occurred in July 2015, and interest.

The parties further agree that in accordance with the method authorized by the Commission in its December 20, 1995 order in Case No. U-10491-R, NSP-W will reflect the total overrecovered amount of \$369,492 as the beginning balance of NSP-W's 2016-2017 GCR reconciliation.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE IT IS ORDERED, that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Northern States Power Company shall reflect the \$369,492 net overrecovery as the beginning balance of its 2016-2017 gas cost recovery reconciliation in accordance with the method authorized by the Commission in its December 20, 1995 order in Case No. U-10491-R.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General – Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of January 12, 2017.

Kavita Kale, Executive Secretary

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* * * * *

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NORTHERN STATES POWER COMPANY,)	
a Wisconsin corporation, for gas cost recovery)	Case No. U-17694-R
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<u>March 31, 2016.</u>)	

SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System's Administrative Hearing Rules, R 792.10431, Northern States Power Company, a Wisconsin corporation, and wholly owned subsidiary of Xcel Energy, Inc. ("NSP-W" or the "Company") and the Michigan Public Service Commission Staff ("Staff") hereby agree as follows:

1. On June 24, 2016, NSP-W filed with the Michigan Public Service Commission ("Commission") its Application, along with the testimony and exhibits of its witness, Ryan D. Moldenhauer, to reconcile, under the provisions of 1982 PA 304, its gas costs and revenues collected for the 12-month period ending March 31, 2016, and to roll-in an over-recovered amount into its 2016-2017 GCR plan.

2. The Commission's Executive Secretary issued a Notice of Hearing dated July 27, 2016, directing NSP-W to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its Michigan gas service area, as well as to prior intervenors in Case No. U-17134-R and U-17488. The Commission further directed NSP-W to publish the

Notice of Hearing in daily newspapers of general circulation throughout its Michigan gas service area. Complying with the directives, NSP-W filed the requisite Affidavit of Mailing and Proof of Publication with the Commission on August 22, 2016.

3. On September 8, 2016, a prehearing conference in this matter was held before Administrative Law Judge Mark E. Cummins, and Staff entered its appearance. No persons intervened.

4. Subsequently, following Staff's audit, the parties engaged in settlement discussions and successfully reached settlement on all contested issues. The parties agree as follows:

- a. The expenditures made by NSP-W for the cost of gas supply during the 12-month period ending March 31, 2016, were reasonable and prudent and in compliance with Act 304 and should be approved by the Commission.
- b. During the GCR period ending March 31, 2016, NSP-W over-recovered \$369,492. This over-recovery includes the roll-in of the net under-recovery reconciliation balance of \$64,668 authorized in Case No. U-17335-R, a refund of \$1,094 for a Company GCR over-billing which occurred in July 2015, and interest. The parties agree that NSP-W will reflect the total over-recovered amount of \$369,492 as the beginning balance of NSP-W's 2016-2017 GCR reconciliation in accordance with the methodology approved in MPSC Case No. U-10491-R.

5. All of the signatories are of the opinion that this settlement agreement is reasonable, prudent, and will aid the expeditious conclusion of this case.

6. This settlement agreement is intended for a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. The parties agree not to appeal, challenge, or contest the Commission's order accepting and approving this settlement agreement without modification. If the Commission does not accept the settlement agreement without modification, the agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

7. This settlement agreement has been made for the sole and express purpose of settling this case, and all discussions relating hereto are and shall be privileged and shall not be used in any manner, or be admissible for any other purpose in connection with this proceeding or any other proceeding hereof. This settlement agreement does not constitute a precedent in any other case or proceeding, either in Michigan or otherwise, except as necessary to carry out its terms.

8. The parties agree to waive § 81 of the Administrative Procedures Act of 1969, as amended, MCL 24.281, providing that the Commission approves this settlement agreement without modification.

NORTHERN STATES POWER COMPANY,
a Wisconsin corporation

Sherri A.

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman C = AD O
= MillerCanfield
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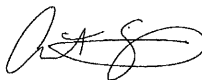
Wellman

Dated: December 12, 2016

By: _____

Its Attorney
Sherri A. Wellman (P38989)
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
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(517) 483-4954

MICHIGAN PUBLIC SERVICE COMMISSION STAFF



Dated: December 12, 2016

By: _____

One of Its Attorneys
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